

INSTRUMENT NO. <sup>ε</sup> **100331**  
LINDA FORT  
HUMBOLDT CO. RECORDER

MAR 01 2010

AT 3:05 AM ~~PM~~  
RECORDING FEE \$ 79.00 pd  
AUDITORS TRANSFER FEE \$ —

Prepared by, and when recorded return to, Mark A. Thompson, Iowa Finance Authority, 2015 Grand Avenue, Des Moines, IA 50312 (515) 725-4900.

Grantor/Taxpayer: Humboldt Workshop Service Enriched Housing I, L.L.L.P.  
21 North Taft; P.O. Box 587, Humboldt, IA 50548

Grantee: Iowa Finance Authority, 2015 Grand, Des Moines, Iowa 50312

Legal Description: See Page A-1

**REGULATORY AGREEMENT**

**BETWEEN**

**IOWA FINANCE AUTHORITY**

**AND**

**HUMBOLDT WORKSHOP SERVICE ENRICHED HOUSING I, L.L.L.P.**

**Dated as of February 1, 2010**

**Concerning:**

**Humboldt Workshop  
Humboldt and Dakota City, Humboldt County, Iowa  
IFA Senior Living Revolving Loan Program Loan No. 09-01**

**IOWA FINANCE AUTHORITY  
REGULATORY AGREEMENT  
(SENIOR LIVING REVOLVING LOAN PROGRAM)**

Project Number: Senior Living Revolving Loan Program Loan No. 09-01

Amount of Mortgage Loan: \$290,000

Mortgage Recorded: County Recorder's Office in Humboldt County, Iowa.

This Agreement is entered into as of the 1<sup>st</sup> day of February, 2010, between HUMBOLDT WORKSHOP SERVICE ENRICHED HOUSING I, L.L.L.P., an Iowa limited liability limited partnership, whose address is 21 North Taft, Humboldt, IA 50548 (hereinafter called "Mortgagor"), and the IOWA FINANCE AUTHORITY, a public instrumentality and agency of the State of Iowa, with offices at 2015 Grand Avenue, Des Moines, Iowa 50312 (hereinafter called "IFA").

**RECITALS**

WHEREAS, IFA is a public instrumentality and agency of the State of Iowa authorized and empowered by Chapter 16 of the Code of Iowa, as amended (the "State Act"), to assist in the development and maintenance of decent, safe and affordable housing for low and moderate income citizens of the State of Iowa; and

WHEREAS, Mortgagor operates a 19-unit project commonly known as Humboldt Workshop, consisting of units located in Humboldt and Dakota City, Humboldt County, Iowa, identified as IFA Senior Living Revolving Loan Program Loan No. 09-01, and more particularly described in Exhibit A attached hereto (the "Project"); and

WHEREAS, IFA has determined to make a \$290,000 mortgage loan (the "Loan") to Mortgagor, to refinance certain indebtedness related to the Project, pursuant to the applicable provisions of the State Act and all applicable rules and regulations of IFA under IFA's Senior Living Revolving Loan Program (together with the State Act, the "Acts and Regulations"); and

WHEREAS, in connection with the refinancing, IFA wishes to assure the continuing operation of the Project in a manner that complies with the Acts and Regulations;

**WITNESSETH:**

NOW THEREFORE, in consideration of IFA making the Loan to the Mortgagor and the disbursement of any part thereof, and in order to comply with the requirements of the Acts and Regulations, during the Affordability Period defined below, it is hereby agreed by and between the parties hereto and their respective grantees, successors and assigns, as follows:

**ARTICLE I**

**DEFINITIONS**

As used in this Agreement and the Basic Documents pertaining to the Project, the following terms shall have the following meanings:

- (a) **Affordability Period:** The period of time which shall extend from the date hereof until the later of the date of (i) repayment to IFA of the full principal amount of the Loan with interest thereon and any IFA charges in regard thereof to the date of repayment or (ii) the last date on which any restriction placed on the Project as a result of the receipt of low-income housing credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively the "Code"), and the regulations of IFA with respect to such low-income housing credits, are in effect.
- (b) **Basic Documents:** This Agreement, the Mortgage, the Note, the Financing Statement, the Loan Agreement, and all other collateral documents relating to the Loan or the Project, referred to collectively.
- (c) **Default:** A Default declared by IFA when a violation of the Basic Documents are not corrected to IFA's satisfaction within the time allowed therein, or such further time as may be allowed by IFA after written notice.
- (d) **Eligible Persons or Families:** Persons or families whose income does not exceed 50% of the median income for the area.
- (e) **Improvements:** The buildings and other improvements now or hereafter located on the land described on Exhibit A attached hereto (the "Land"), together with all machinery, equipment, fixtures, and other tangible property of every kind and nature whatsoever now or hereafter owned by the Mortgagor or in which the Mortgagor has or shall have an interest, as now or hereafter located upon or procured for use in connection with the land or appurtenances thereto or in or on such buildings or other improvements.
- (f) **Loan:** The loan made by IFA to the Mortgagor pursuant to the Loan Agreement.

- (g) **Loan Agreement:** The Loan Agreement between the Mortgagor and IFA dated as of February 1, 2010, pursuant to which the Loan is being made.
- (h) **Mortgage:** The Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement, and any other security for the Note issued or held by IFA to secure payment of the Note and the performance of other obligations under this Agreement and the other Basic Documents.
- (i) **Mortgaged Property:** All property, real, personal, or mixed, covered by the Mortgage securing the Note held by IFA.
- (j) **Mortgagor:** Humboldt Workshop Service Enriched Housing I, L.L.L.P., an Iowa limited liability limited partnership and its successors and assigns.
- (k) **Note:** The Promissory Note executed by the Mortgagor as maker, evidencing the Loan and to be delivered to IFA as payee at the initial loan closing, together with such additional promissory note, executed and delivered by the Mortgagor as IFA may from time to time require.
- (l) **Project:** The residential housing project described on the first page of this Agreement, consisting of a fee simple interest in the Land and all property real, personal or mixed covered by the Mortgage and all other assets, securities, funds and accounts of whatsoever nature or wheresoever situated, used in or owned by the business conducted on said Mortgaged Property, including existing Improvements and Improvements to be developed, constructed, managed, operated and maintained on the Mortgaged Property.

## **ARTICLE II**

### **COVENANTS AND AGREEMENTS**

1. The Mortgagor hereby agrees that occupancy of the Project shall be open to all Eligible Persons or Families, regardless of race, color, creed, age, sex, handicap, familial status or national origin, and that all contractors and subcontractors engaged in any rehabilitation or construction of the Project shall provide an equal opportunity for employment, without discrimination as to race, color, creed, age, sex, handicap, familial status or national origin.

2. The Mortgagor further covenants and agrees that:

- (a) Admission to the Project shall be limited to Eligible Persons or Families.
- (b) The Mortgagor will obtain from each prospective tenant a certification of income prior to admission to the Project. The Mortgagor must each year during the Affordability Period reexamine each tenant's annual income by examining source documents evidencing annual income (e.g., wage statements, interest statements, unemployment compensation statement) for the family. The Mortgagor must submit annual tenant income certifications to IFA within 120 days of the end of each calendar year.

- (c) The Mortgagor shall require all tenants to execute a lease, and shall not rent any unit in the Project for less than 30 days nor more than one year; and subleasing of dwelling units shall be prohibited and any lease shall so provide.
  - (d) Notwithstanding anything in this Section 2 to the contrary, for so long as the Mortgagor must submit compliance documents to IFA in connection with low-income tax credits associated with the Project, such submissions shall be deemed to satisfy the reporting requirements of this Agreement.
3. While any amount is owed to IFA under the Loan or under the Basic Documents, Mortgagor shall not, without the written approval of IFA:
- (a) Convey, transfer, dispose of or encumber any of the Mortgaged Property or permit the conveyance, transfer or encumbrance of such Mortgaged Property, other than leases normally executed in connection with operation of the Mortgaged Property, other transfers in the ordinary course of operations and disposition of worn, damaged, or obsolete property, and other than for Permitted Encumbrances (as defined in the Mortgage). Any such prohibited transfer, if approved by IFA shall be only to a corporation or other entity satisfactory to and approved by IFA, who shall by legal and valid instrument in writing, to be recorded or filed in the same recording office in which conveyances of the property covered by the Mortgage are required to be filed or recorded, duly assume all obligations under this Agreement, and under the Note and other Basic Documents.
  - (b) Assign, transfer, dispose of, or encumber any personal property, including rents or charges, or disburse or payout any funds except as provided herein or in the Basic Documents, except for reasonable operating expenses and necessary repairs and except as is necessary in connection with other financing documents approved by IFA and/or documents executed in connection with low-income tax credits for the Project; provided, however, that if Mortgagor is current on all payments required by the Basic Documents, excess funds from the Project (i.e. funds that exceed amounts required to make payments then due to IFA under the Basic Documents) may be disbursed to the Mortgagor without the consent of IFA.
  - (c) Remodel, reconstruct, add to, or demolish any part of the Mortgaged Property or subtract from any real or personal property of the Project, other than as provided for in any plans and specifications approved by IFA, if such action will materially diminish the value of the Mortgaged Property in any manner.
  - (d) Pay any compensation or make any distribution of Project income or other Project assets to any of its officers, directors, or partners; provided, however, that written approval of IFA shall not be required to make payments under this paragraph if all amounts then currently due and payable under the Loan Documents are paid in full.
  - (e) Enter into any contract or contracts for supervisory or managerial services;

- (f) Require, as a condition of occupancy or leasing of any unit in the Project, any consideration or deposit other than (i) the prepayment of the first month's rent, (ii) a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease and (iii) application and credit check fees. Any fund collected as security deposits shall be kept separate and apart from all other funds of the Project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account. Notwithstanding anything to the contrary stated or implied herein, Mortgagor may charge a separate pet deposit. The pet deposit shall be reasonable, but shall not exceed one month's rent. In addition, the Mortgagor shall have the authority to determine which animals are acceptable as house pets.
- (g) Permit the use of the dwelling accommodations of the Project for any purpose except the use which was originally intended.
- (h) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the Project without IFA approval.
- (i) Incur any liability, direct or contingent, other than for current operating expenses and expenditures for costs to construct or repair the Project, any unsecured loans made by equity owners of the Mortgagor to the Mortgagor, and any existing loan with IFA, exclusive of the indebtedness secured by the Mortgage.

4. Mortgagor shall promptly make all payments due under the Note and Mortgage, and shall comply with all requirements, terms, covenants and restrictions contained in the Basic Documents.

5. On or before the first day of each fiscal year during which the Loan is outstanding, Mortgagor will submit or cause to be submitted an operating budget for that fiscal year to IFA. The budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amounts required for insurance and all other expenses incident to the operation of the Project; and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits. The expenses incurred and disbursements shall not exceed the reasonable and necessary amount thereof.

6. Mortgagor will establish and maintain a reserve fund for replacements by the allocation to such reserve fund of an initial amount equal to \$475.00 per month, subject to annual adjustment as described in this section 6. On or about October 1 of each year while the Loan is outstanding, the monthly amount required by this section 6 shall be increased by 3.0%. Payments to the reserve fund shall be made to IFA concurrently with the payments of interest and principal of the Loan. Such fund shall at all times be subject to the control of IFA. Disbursements from such fund in excess of \$100.00, whether for the purpose of effecting replacement of structural elements, or mechanical equipment of the Project or for any other purpose, may be made only after the consent in writing of IFA. In the event of a Default in the terms of the Mortgage, IFA may demand the full or partial application of the balance in such fund to the amount due on the Mortgage debt. Interest earned on the reserve fund shall remain in such fund, to be applied for the benefit of the Mortgagor and the Mortgaged Property. Upon payment in full of all principal of and interest on the Loan and the payment of all expenses and

fees related thereto pursuant to the Loan Agreement, all funds remaining in the Replacement Reserve Fund shall be promptly distributed to the Mortgagor.

7. The real property covered by the Mortgage and this Agreement is described in Exhibit A, attached hereto.

8. Mortgagor shall maintain the Mortgaged Property, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition: PROVIDED THAT, in the event all or any of the buildings covered by the Mortgage shall be destroyed or damaged by fire or other casualty, Mortgagor shall have discharged its responsibility if the money derived from any insurance on the Mortgaged Property shall be applied in accordance with the terms of the Mortgage.

9. Mortgagor shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy, the taking possession of the Mortgaged Property or any part thereof by a receiver, or the seizure and sale of the Mortgaged Property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within 60 days.

10. If the Mortgagor is not current on all of its obligations under the Basic Documents, Mortgagor shall from funds other than Project income, immediately satisfy or release, or bond over, or affirmatively insure over any mechanic's lien, attachment, judgment lien, or any other lien which attaches to the Mortgaged Property or any personal property used in the operation of the Project, and shall dismiss or have dismissed or vacated any receivership, or petition in bankruptcy or assignment for benefit of creditors, creditors bill or insolvency proceeding involving the Project or the Mortgaged Property; provided that if the Mortgagor is current on all of its obligations, any source of funds, including Project funds, may be used to satisfy the requirements of this Section 10.

11. Mortgagor further covenants and agrees that while any amount is owed to IFA under the Loan or under the Basic Documents:

- (a) If the Mortgagor has any business or activity other than the Project and operation of the Mortgaged Property, it shall maintain all income and other funds of the Project segregated from any other funds of the Mortgagor and segregated from any funds of any other corporation or person. Income and other funds of the Project shall be expended only for the purposes of the Project.
- (b) Neither Mortgagor nor its agents shall make any payment for services, supplies, or materials unless such services are actually rendered for the Project or such supplies or materials are delivered to the Project and are reasonably necessary for its operation. Payments for such services, supplies or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials are furnished.
- (c) The Mortgaged Property, equipment, buildings, plans, offices, devices, books, apparatus, contracts, records, documents, and all other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by IFA and its duly

authorized agent. Mortgagor and its successors, assigns or its agents shall retain copies of all written contracts or other instruments which affect the Mortgaged Property, all or any of which may be subject to inspection and examination by IFA or its duly authorized agents.

- (d) The books and accounts of the operations of the Mortgaged Property and of the Project shall be kept in accordance with the requirements of the Loan Agreement.
- (e) Within 120 days following the end of each fiscal year IFA shall be furnished with a complete annual financial report of the Mortgagor, as required under the Loan Agreement.
- (f) At the request of IFA, its agents, employees, or attorneys, the Mortgagor shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the Project and the status of the Mortgage and any other information with respect to the Mortgagor or the Mortgaged Property and of the Project which may be requested by IFA.
- (g) All receipts of the Project shall be deposited in the name of the Project in a bank whose accounts are insured by the Federal Deposit Insurance Corporation. Such funds shall not be withdrawn in violation of the provisions of this Agreement. Any person receiving funds of the Project shall immediately deposit such funds in the Project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any person receiving property of the Project in violation of this Agreement or the Basic Documents shall immediately deliver such property to the Project and failing so to do shall hold such property in trust.
- (h) The Mortgagor shall not collect from tenants or occupants or prospective tenants or occupants of the Project any admission fee, founder's fee, life-care fee, or similar payment pursuant to any agreement, oral or written, whereby the Mortgagor agrees, in consideration of such payments, to furnish accommodations or services in the Project to persons making such payments.
- (i) No officer, director, trustee, member, stockholder, partner or authorized representative of the Mortgagor shall have any financial interest in any contractual arrangement entered into by the Mortgagor in connection with rendition of services, the provision of goods or supplies, procurement of furnishings and equipment, construction of the Project, procurement of the site or other matters whatsoever, except as approved by IFA.
- (j) The Mortgagor shall comply with the Acts and Regulations, as now or hereafter amended.

12. Mortgagor further covenants and agrees that, during the Affordability Period, Mortgagor will limit public occupancy of the Project to Eligible Persons and Families.

13. Mortgagor will comply with the provisions of any applicable Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, creed, age, sex, handicap, familial status or national origin, including Title VI of the Civil Rights Act of 1964 (42



U.S.C. 200d-1), the Fair Housing Act (42 U.S.C. 3601), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), Age Discrimination Act of 1975 (42 U.S.C. 6101) and Executive Orders 11063 and 11246, Section 3 of the Housing and Urban Development Act of 1968, and the Affirmative fair housing marketing requirements at 24 CFR part 200, subpart M. or pursuant to the regulations of the Department of Housing and Urban Development (24 CFR) issued pursuant to Title VI, Title VIII, or Executive Order 11063.

14. The Mortgagor further grants to IFA a special power of appointment to appoint a Managing Agent of the Project, who shall be paid by the Mortgagor, and who may be an officer, employee, or agent of IFA, who shall have complete power to act as agent and attorney in fact for the Mortgagor, in connection with any asset or liability the Mortgagor may have, or to fulfill any obligations the Mortgagor may have to IFA, when:

- (a) The Mortgagor has received a loan or advance as provided for in the Acts and Regulations and IFA determines that the loan or advance is in jeopardy of not being repaid; or,
- (b) IFA determines that some part of the net income or net earnings of the Mortgagor, in excess of that permitted hereunder and by the Acts and Regulations, has inured to the benefit of any private individual, firm, corporation, trust, partnership or association, or that unauthorized uses or expenditures have been made out of Project income, funds or accounts; or,
- (c) IFA, in its sole discretion, determines that the Mortgagor is not diligently and vigorously exercising all rights that it may have in the timely collection of all rents and charges that may become due from tenants; or,
- (d) IFA, in its sole discretion, determines that the Mortgagor is not vigorously pursuing available alternatives for achieving or maintaining adequate occupancy; or
- (e) IFA, in its sole discretion, determines that the Mortgagor is not exercising due care in the timely and proper maintenance, repair and upkeep of the Project or in the replacement of its personal property, fixtures and equipment; or,
- (f) IFA, in its sole discretion, determines that the Mortgagor has violated or abused the rights of rental applicants or tenants; or,
- (g) IFA determines that the Mortgagor is in violation of this Agreement, or any of the Basic Documents or the Acts and Regulations.

15. The Mortgagor further agrees that while any amount is owed to IFA under the Loan or under the Basic Documents it shall obtain and keep in force such reasonable and customary insurance coverage as IFA may reasonably from time to time require in the form and under conditions prescribed by IFA, naming IFA as Mortgagee and as the Loss Payee; the Mortgagor further agrees that while any amount is owed to IFA under the Loan or under the Basic Documents it will at all times conform the management of the Project to such reasonable requirements as IFA may from time to time prescribe.

16. Upon a violation of any of the provisions of this Agreement by Mortgagor, IFA shall give written notice thereof to Mortgagor and each partner of Mortgagor, by registered or certified mail, addressed to the address stated in this Agreement, or such other address as may subsequently, upon appropriate written notice thereof to IFA, be designated by the Mortgagor. If such violation is not corrected to the satisfaction of IFA within 30 days after the date such notice is mailed or within such further time as IFA determines it is necessary to correct the violation, without further notice IFA may declare a Default under this Agreement and the Mortgage given in connection herewith and the Note secured thereby, to be effective on the date of such declaration of Default, and upon such Default, IFA may:

- (a) Take possession of the Project, bring any action necessary to enforce any rights of the Mortgagor growing out of the Project operation, and operate the Project in accordance with the terms of this Agreement until such time as IFA in its discretion determines that the Mortgagor is again in a position to operate the Project in accordance with the terms of this Agreement and in compliance with the requirements of the Note and Mortgage.
- (b) Collect all rents and charges in connection with the operation of the Project and use such collections to pay the Mortgagor's obligations under this Agreement and under the Note and Mortgage, and the necessary expenses of preserving the property and operating the Project.
- (c) Declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the Mortgage pursuant to the terms therein.
- (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of an outside receiver or for IFA as the receiver to take over and operate the Mortgaged Property in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to IFA arising from a Default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

17. Notwithstanding any provision herein to the contrary in this agreement, the Mortgagor and its principals, including their grantees, partners, members, shareholders, successors and assigns, do NOT assume and shall not have any personal liability for any duties, obligations, liabilities or payments due under this Agreement, the Loan Agreement, the Mortgage, or the Note, or for matters not under their control, provided that said persons shall remain liable under this Agreement only with respect to the matters hereinafter stated, namely:

- (a) Funds or property of the Project coming into their hands which by the provisions hereof, they are not entitled to retain; and
- (b) For their own acts and deeds, or acts and deeds of others, which they have authorized in violation of the provisions hereof.

18. This Agreement may be terminated at any time by written agreement of all the parties hereto.

19. The Mortgagor warrants that it has not and will not execute any other agreement with provisions contradictory or in opposition to the provisions hereof and that the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

20. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions hereof.

21. This Agreement shall bind, and its benefits and obligations shall inure, to the Mortgagor and its successors and assigns as well as IFA, so long as this Agreement continues in effect and during such further time, if any, as IFA shall be the owner, holder or insurer of the Mortgage on the Project.

22. Any notice required to be given hereunder shall be given by nationally recognized overnight carrier or certified mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Iowa Finance Authority  
2015 Grand Avenue  
Des Moines, IA 50312  
Attn: Multifamily Loan Program

Humboldt Workshop Service Enriched Housing I, L.L.L.P.  
West Fork Services, Inc.  
Attn: Chief Executive Officer  
21 North Taft; P.O. Box 587  
Humboldt, IA 50548  
Facsimile: (515) 332-1915

with a copy to:

Enterprise Housing Alliance Fund II LP  
c/o Enterprise Community Investment, Inc.  
10227 Wincopin Circle  
Columbia, MD 21044  
Attn.: General Counsel

23. The Mortgagor hereby represents, warrants and covenants that it will cause this Regulatory Agreement to be recorded in the real property records of Humboldt County, Iowa, and in such other places as IFA may reasonably request. The Mortgagor shall pay all fees and charges incurred in connection with any such recording.

24. The Mortgagor hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the Land and shall pass to and be binding upon the Mortgagor's successors in title including any purchaser, grantee, mortgagor or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, mortgagor or lessee of any portion of

the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument, and any grantee, successor, assignee, transferee or other person or entity acquiring any interest in the Project or any portion thereof shall conclusively be held to have acquired such interest in the Project or any portion thereof subject to the obligations of such covenants, regardless of whether or not such covenants and restrictions are set forth or referred to, or specifically agreed to be performed by any such transferee, in any such contract, lease, conveyance, agreement or other such instrument.

25. IFA and the Mortgagor hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the Land (as defined in the Mortgage) in that the Mortgagor's legal interest in the Project may be rendered less valuable thereby. IFA and the Mortgagor further declare their understanding and intent, however, that the covenants, reservations and restrictions set forth herein directly benefit the Land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Persons or Families, (ii) by making possible the obtaining of advantageous financing for the Project and (iii) by furthering the public purposes for which the Loan was made.

26. IFA and the Mortgagor hereby recognize and agree that the representations and covenants set forth herein may be relied upon by IFA and the Mortgagor. In performing its duties and obligations hereunder, IFA may rely upon statements and certificates of the Mortgagor. In determining whether any default or lack of compliance by the Mortgagor exists under this Regulatory Agreement, IFA shall not be required to conduct any investigation into or view of the records of the Mortgagor and may rely solely upon the certificates delivered to IFA by the Mortgagor pursuant to the provisions hereof (subject to Section 2(d) hereof).

27. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of Humboldt County, Iowa.

28. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

29. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

30. IFA shall act as specifically provided herein and in the Agreement and may exercise such additional powers as are reasonably related and incidental hereto and thereto. IFA shall not be liable for any of its actions under this Regulatory Agreement except for gross negligence and willful, arbitrary and capricious conduct.

31. This Regulatory Agreement shall be governed by the laws of the State of Iowa. Venue for any action under this Regulatory Agreement shall lie within the district courts of the State of Iowa located in Humboldt County, Iowa, and the Mortgagor and IFA consent to the

jurisdiction and venue of such court and hereby waive any argument that venue in such forum is not convenient.

32. The Mortgagor hereby indemnifies, and agrees to defend and hold harmless, IFA and its employees, board members, officers and agents, past, present and future, from and against all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, allegations, claims, demands and judgments of any nature arising from the consequences of a legal or administrative proceedings or action brought against it on account of any failure by the Mortgagor to comply with the terms of this Regulatory Agreement, or on account of any representation or warranty of the Mortgagor contained herein or in any other written information furnished by the Mortgagor being untrue.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and sealed in their names and behalf by their duly authorized officers, all as of the day and year first above written.

**HUMBOLDT WORKSHOP SERVICE  
ENRICHED HOUSING I, L.L.L.P.**

By: West Fork Services,  
Inc., Its General Partner

By: Patrick T. Tate  
Name: Patrick Tate  
Title: Chief Executive Officer

**IOWA FINANCE AUTHORITY**

By: Joseph O'Hern  
Name: Joseph O'Hern  
Title: Executive Director



(SEAL)

STATE OF IOWA )  
                                  )§  
COUNTY OF HUMBOLDT )

This instrument was acknowledged before me on this 19 day of February, 2010, by Patrick Tate, as the Chief Executive Officer of West Fork Services, Inc., the general partner of the Mortgagor.



Joan Kellner  
Notary Public in and for State of Iowa

STATE OF IOWA )  
                                  )§  
COUNTY OF POLK )

This document was acknowledged before me on this 22<sup>nd</sup> day of February, 2010 by Joseph O'Hern, Executive Director of the Iowa Finance Authority.

Nancy Wallis  
Notary Public in and for State of Iowa



[Execution Page for Regulatory Agreement]



## EXHIBIT A

### LEGAL DESCRIPTION:

The following described real estate located in the Cities of Humboldt and Dakota City, Humboldt County, Iowa:

Parcel 1 – 107-109 6<sup>th</sup> Street, Dakota City, Iowa

Lots One (1) and Two (2), Block Thirty-Three (33), in the City of Dakota City, Humboldt County, Iowa.

Parcel 2 – 403 3<sup>rd</sup> Ave. South, Humboldt, Iowa

Lot Two (2) in Block Five (5), in the original Town (now City) of Humboldt, Humboldt County, Iowa.

Parcel 3 – 725 11<sup>th</sup> Ave. North, Humboldt, Iowa

A parcel of land located in the Southwest Quarter of Section 36, Township 92 North, Range 29 West of the 5th P.M., City of Humboldt, Humboldt County, Iowa, more particularly described as follows: commencing at the Northwest corner of the said Southwest Quarter; thence North 90°00'00" East 1313.26 feet along the North line of the said Southwest Quarter; thence South 00°19'25" East 1570.82 feet; thence North 89°01'00" East 198.90 feet; thence South 01°12'50" East 113.28 feet; thence North 87°39'00" East 349.95 feet to the point of beginning; thence continuing North 87°39'00" East 216.20 feet; thence South 00°36'00" East 250.14 feet to a point on the North right of way line of 11<sup>th</sup> Avenue North in the City of Humboldt; thence South 87°39'00" West 213.52 feet along the said North line; thence North 01°12'50" West 250.07 feet to the point of beginning containing 1.23 acres.